

Q2 2023 Conference Call

NTG Nordic Transport Group

4 August 2023, 10:00 AM CEST



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Today's presenters



MICHAEL LARSEN

Group CEO



CHRISTIAN D. JAKOBSEN

Group CFO

AGENDA

Highlights

Financial review

Other key figures

Outlook & mid-term target

Q&A



Q2 2023 highlights



MARKET CONDITIONS
CONTINUE TO BE
CHALLENGING



CONTINUED
SLOWDOWN IN
ORGANIC GROWTH



WEAK SPOT MARKET
AND FUEL PRICE
HEADWINDS IN R&L



DESTOCKING CYCLE
AND MACRO DRIVE
LOW VOLUMES IN A&O



FULL-YEAR OUTLOOK
UPDATED ON
3 AUGUST 2023

Financial review: Group (I/II)

DKKkm	Q2			YTD		
	2023	2022	Δ	2023	2022	Δ
Net revenue	2,120	2,729	(22.3)%	4,374	4,907	(10.9)%
Gross profit	482	533	(9.6)%	959	961	(0.2)%
Adjusted EBIT	148	217	(31.8)%	298	376	(21.0)%
Gross margin	22.7%	19.5%	3.2 p.p.	21.9%	19.6%	2.3 p.p.
Operating margin	7.0%	8.0%	(1.0) p.p.	6.8%	7.7%	(0.9) p.p.
Conversion ratio	30.7%	40.7%	(10.0) p.p.	31.1%	39.1%	(8.0) p.p.

Net revenue growth components (year-on-year)

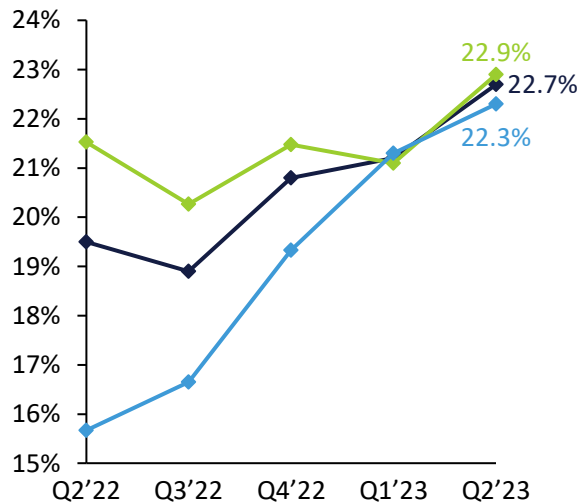
	Discont'd	Start-ups	Existing	Organic	M&A	FX	Total
Q2 2023	0.0%	0.3%	(24.2)%	(23.9)%	3.4%	(1.8)%	(22.3)%
YTD 2023	0.0%	0.3%	(16.7)%	(16.4)%	7.4%	(1.9)%	(10.9)%

COMMENTS

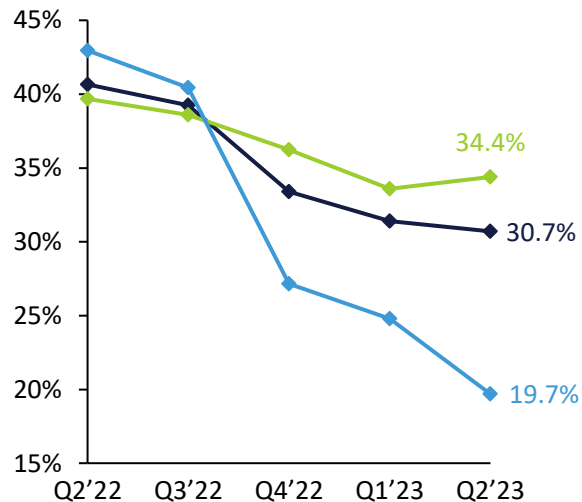
- Continued headwinds from challenging market conditions and macroeconomic factors
- Organic growth under pressure from lower volumes, depressed rates and lower fuel prices
- Further cost reduction measures were implemented during Q2

Financial review: Group (II/II)

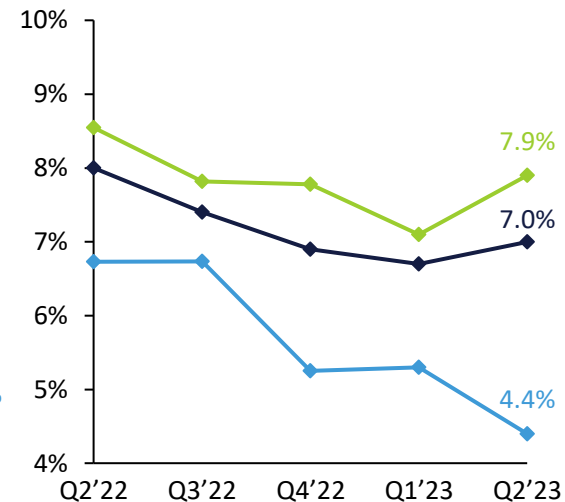
Gross margin



Conversion ratio



Operating margin



◆ Group ◆ Road & Logistics ◆ Air & Ocean

Financial review: Road & Logistics

DKKkm	Q2			YTD		
	2023	2022	Δ	2023	2022	Δ
Net revenue	1,575	1,779	(11.5)%	3,223	3,470	(7.1)%
Gross profit	360	383	(6.0)%	708	735	(3.7)%
Adjusted EBIT	124	152	(18.4)%	241	278	(13.3)%
Gross margin	22.9%	21.5%	1.4 p.p.	22.0%	21.2%	0.8 p.p.
Operating margin	7.9%	8.5%	(0.6) p.p.	7.5%	8.0%	(0.5) p.p.
Conversion ratio	34.4%	39.7%	(5.3) p.p.	34.0%	37.8%	(3.8) p.p.

Net revenue growth components (year-on-year)

	Discont'd	Start-ups	Existing	Organic	M&A	FX	Total
Q2 2023	0.0%	0.3%	(10.7)%	(10.4)%	1.1%	(2.2)%	(11.5)%
YTD 2023	0.0%	0.2%	(5.9)%	(5.7)%	1.0%	(2.4)%	(7.1)%

COMMENTS

- Spot market weakness, fuel prices and lower volumes in Sweden affected the division.
- The division managed an increase in operating margin from 7.1% to 7.9%, compared to Q1 2023
- Focus remains on contracted revenue and new sales.
- Capacity and fixed costs were continuously adjusted throughout the quarter.

Financial review: Air & Ocean

DKKkm	Q2			YTD		
	2023	2022	Δ	2023	2022	Δ
Net revenue	546	951	(42.6)%	1,151	1,437	(19.9)%
Gross profit	122	149	(18.1)%	251	226	11.1%
Adjusted EBIT	24	64	(62.5)%	56	98	(42.9)%
Gross margin	22.3%	15.7%	6.6 p.p.	21.8%	15.7%	6.1 p.p.
Operating margin	4.4%	6.7%	(2.3) p.p.	4.9%	6.8%	(1.9) p.p.
Conversion ratio	19.7%	43.0%	(23.3) p.p.	22.3%	43.4%	(21.1) p.p.

Net revenue growth components (year-on-year)

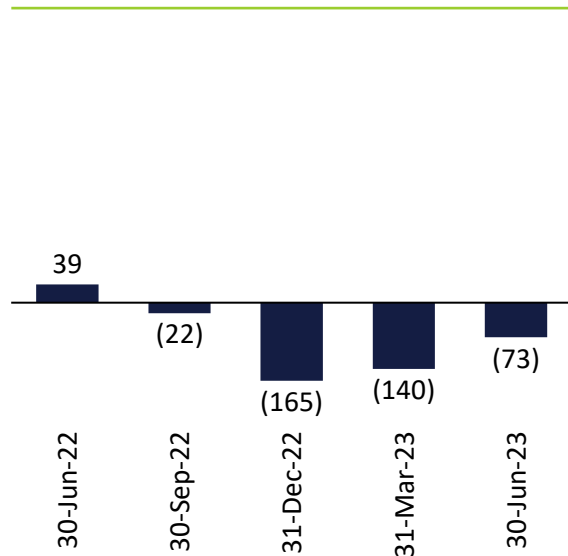
	Discont'd	Start-ups	Existing	Organic	M&A	FX	Total
Q2 2023	0.0%	0.2%	(49.6)%	(49.4)%	7.7%	(0.9)%	(42.6)%
YTD 2023	0.0%	0.4%	(42.3)%	(41.9)%	22.9%	(0.9)%	(19.9)%

COMMENTS

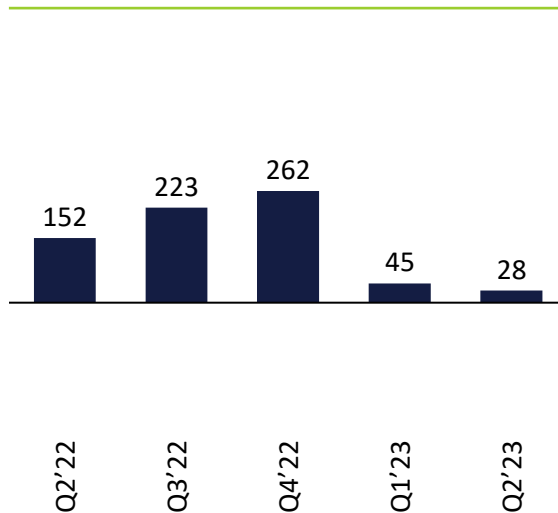
- Freight rates have stabilised somewhat but at a low level
- Destocking cycle and macroeconomic factors mean that volumes have yet to significantly rebound
- The division has further reduced costs in response to the decrease in activity
- Focus on sales remains important to support the organic growth going forward

Other key figures

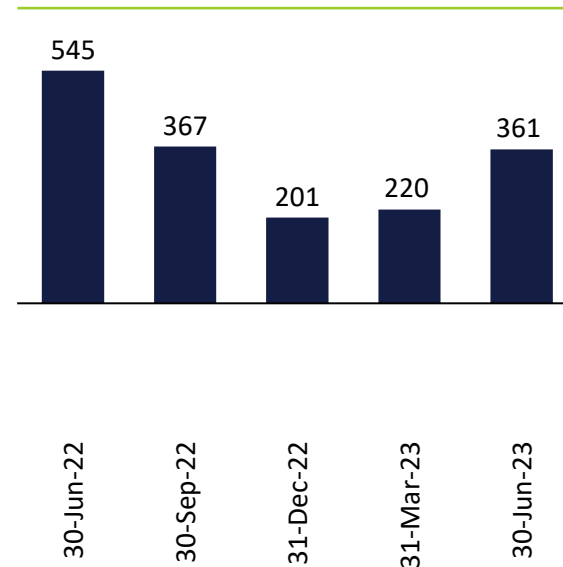
Net working capital (DKKkM)



Adjusted free cash flow¹ (DKKkM)



Net interest-bearing debt² (DKKkM)



1) Cash flow from operating activities + cash flow from investing activities + special items (addback) – repayment of lease liabilities + acquisition of business activities (addback). 2) Excluding IFRS 16.

Updated full-year outlook 2023

DKKm	2022 realised	2023 outlook
Adjusted EBIT	758	600 - 650

Key assumptions

- The outlook assumes that activity will pick up gradually during the second half of the year.
- Market conditions within Road & Logistics are assumed to remain stable.
- The Air & Ocean division is assumed to be subject to continued challenging market conditions to some degree, with low rates and soft volumes.

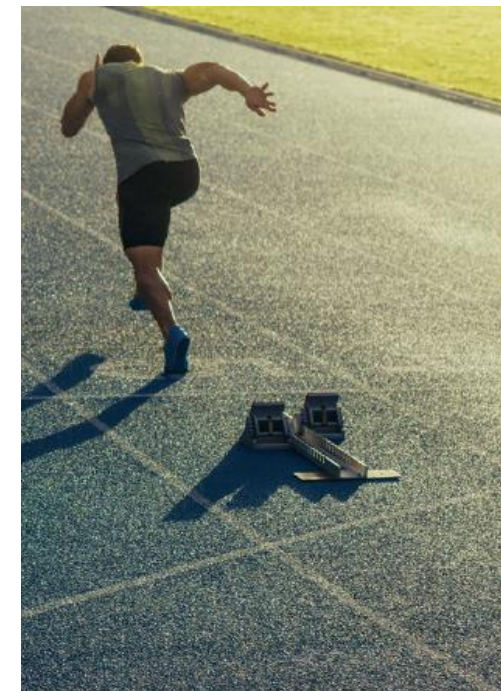


Medium-term financial target

Target DKK **1 billion**
in adjusted EBIT no later than 2027.

Key assumptions

- NTG will strive to achieve the medium-term target with organic growth and M&A, financed by the cash flow and credit facilities of the company.
- Assumes a leverage ratio less than 3.0.
- No assumptions of capital raises, albeit NTG will continue to evaluate capital increases as a source of funding for larger acquisitions.
- Assumes no additional material adverse events affecting regional and global cargo volumes and trade patterns, and NTG continuing to develop the business, establish start-ups, and execute the M&A agenda.





Q&A

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